

Luxury retail is thriving: Placer.ai

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Luxury retailers and department stores are leveraging new partnerships and creative experiences to get shoppers in-store. Image credit: Nordstrom

By NORA HOWE

Despite continued recorded COVID-19 cases and rising interest rates, visits to luxury retailers and department stores are exceeding pre-pandemic levels.

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According to research from Placer.ai, several luxury department store chains like Nordstrom and Neiman Marcus spent the last few years consolidating their physical spaces, but despite fewer stores, foot traffic per venue was up 5.3 percent and 11 percent compared to 2019, respectively. As consumer values shift and ecommerce continues on its upward trajectory, luxury retailers are rising to the challenge and evolving with their audiences.

"The most significant change taking place in retail is a fundamental understanding that change in and of itself is a necessary component of successful evolution," said Ethan Chernofsky, vice president of Marketing at [Placer.ai](#), Los Altos, California.

"Whether it be a push to rightsize store counts or test out new store formats, there is a clear willingness to adapt the department store approach," he said. "When you combine this with the lingering strength that many locations are still seeing, there is a clear potential for reviving the narrative surrounding department stores."

Perseverance prevails

While mid-range department stores continue to catch up to 2019 levels, luxury stores seem to be thriving.

In late 2020, Neiman Marcus emerged from voluntary Chapter 11 bankruptcy after completing a restructuring process and implementing a plan of reorganization and eliminating \$ billion in debt ([see story](#)), using COVID-19 as an opportunity to turn its business around.

Now, the department store is seeing more foot traffic per venue than it did before 2020.



Since coming out of bankruptcy, Neiman Marcus has launched various in-store experiences to increase foot traffic, and it has worked. Image courtesy of Neiman Marcus

Similarly, in Q1 2022, Saks Fifth Avenue saw significant growth in foot traffic compared to 2019. The retailer also announced a partnership with Skinney Medspa that will bring botox and other injectables to its Manhattan flagship as a pilot prior to a wider roll-out.

This strategy could provide a major boost for growth as new product categories and services can encourage more in-store visits.

Even before the pandemic, ecommerce was accelerating at a rapid pace presenting a major challenge to physical retailers. Now, these businesses are discovering new ways to engage customers both online and in-store.

Neiman Marcus and digital streetwear and lifestyle publication Hypebeast joined forces on a virtual experience to showcase the fall sneaker releases from several luxury brands. The digital retail experience was part of Neiman Marcus' "Re-introduce Yourself" fall campaign and invited sneaker-heads around the world to indulge in the world of luxury streetwear.

In cultivating the digital campaign, Neiman Marcus and Hypebeast connected their individual influences on global fashion to provide shoppers and readers access to a reimagined retail experience ([see story](#)).

Italian fashion house Gucci has invested heavily into digital capabilities to stay ahead of savvy consumers, from the launch of Gucci Vault to its involvement in NFTs. However, Placer.ai suggests this does not mean it is neglecting its physical footprint.

In January 2022, Gucci opened a 10,000-foot two-story store in the American Dream mall in New Jersey. In April, the brand announced plans to open a similar store in New York's meatpacking district.

Concept method

Some department stores are pivoting towards smaller-store formats to streamline the shopping experience, while others have produced pop-up shops and concept stores to entice visitors to shop in person.



Bloomingdale's launched its small-format store Bloomie's in the summer of 2021. Image credit: Bloomingdale's

For instance, U.S. department store chain Bloomingdale's brought its product offerings and services to a smaller, highly-curated store concept: Bloomie's.

Located in the Mosaic District shopping center in Fairfax, Virginia, the 22,000 square-foot store is a style and service

destination featuring new experiences and design concepts and a unique assortment of contemporary and luxury brands across women's and men's fashion and beauty ([see story](#)).

Neiman Marcus launched an exclusive pop-up experience celebrating the Balmain x Barbie collaboration in partnership with the French fashion label.

The Barbie pink pop-up opened at the Neiman Marcus NorthPark location in Dallas, Texas and served as an ode to the retailer's decade-long relationship with Balmain and is the luxury multibrand retailer with the largest assortment of Balmain pieces worldwide ([see story](#)).

Last week, Nordstrom launched Concept 017: Sports, a new shop featuring products that combine style with athletic performance. Featuring exclusive capsule collections, Concept 017 brings new life to training, running, cycling, tennis and golf ([see story](#)).

"Luxury retail has been one of the clear retail winners since retail's initial reopening in mid-2020," Mr. Chernofsky said. "While there are concerns that current economic headwinds could impact this strength, there are still powerful elements driving the segment forward.

"Resell opportunities, more disposable income for some key markets, the return of work from the office and events can all help incentivize a sustained wave for luxury."

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